



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## NOTES AND MEMORANDA.

---

### THE DIFFERENT MEANINGS OF "COST."

The word "cost," as is well known, has at least four different senses: expense, waste, pain, and loss of opportunity. The distinctions between these meanings have been well brought out by many writers; most succinctly, perhaps, by Professor Giddings. The relations between them have been less discussed. I am inclined to think that a study of these relations may settle some economic controversies which would otherwise prove endless.

With this purpose in view let us look at the different meanings of the term "wealth." In the first place wealth may be regarded either in its public or private aspect. In the former it is an aggregate of things, goods, or services. In the latter it consists of titles or rights to some of those things. Furthermore, wealth, whether public or private, may be measured in two ways,—as a flow or as a fund. In the one case it takes the form of a rate, and is measured as income: in the other case it takes the form of a quantity, and is measured as capital.

We thus have four different methods of regarding wealth, each useful for some problems, and not so good for others.

Public capital,—an amount of useful things accumulated.

Private capital,—an aggregate of titles or property.

Public income,—a flow of enjoyment.

Private income,—opportunities for such enjoyment accruing to individuals.

Cost is a term opposite to wealth. It represents either a diminution of wealth-funds, or a reversal (not simply a diminution) of wealth-flows.

Measured as a diminution of public capital, it represents waste.

Measured as a diminution of private capital, it represents expense.

Measured as a reversal of public income, it represents pain.

Measured as a reversal of private income, it represents lapse of opportunity.

The first three of these points are sufficiently obvious. The fourth is more difficult, chiefly because we are in the habit of measuring private income in terms of money, and thus giving it in our minds the form of a concrete quantity in an assumed time unit rather than the form of a current, or flow.\* I think it will be found on examination that opportunity lapsing is the only available reverse for opportunity accruing. Any other conception involves either a diminution instead of a reversal, or else an unworkable and unmeaning term, like "opportunities for pain." I think it will also be found that "lapse" bears the same relation to "pain" that "expense" does to "waste."

It would take too much space to attempt to indicate the bearing of these relations upon some of our present theoretical controversies. I prefer to leave this to the readers of the *Quarterly Journal of Economics*.

ARTHUR TWINING HADLEY.

---

## CALIFORNIA AND THE DIRECT TAX OF 1861.

The payment of the direct tax levied by Congress in 1861 was effected in California under unusual conditions and by an irregular and curious process; and some account of the episode may be of interest to students of financial history. It will be remembered that Congress had allowed any State to assume its quota of the direct tax, and that California, like almost all the loyal States, took advantage of this option; though, unlike other States, which satisfied their quotas by an

\* The mathematical reader will of course see that our capital conceptions represent integrals, our income conceptions differentials; that a diminution of the integral connotes a change of sign in the differential; and that the difficulty here described is simply a result of the habitual substitution of an integral between limits for a differential.